

CENTRAL COMMUNITY SCHOOL DISTRICT

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

JUNE 30, 2012

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CENTRAL COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2011 Election)		
Kevin Lau	President	2013
Kristin Fitzgerald	Vice President	2011
Jolene Jansen	Board Member	2011
Robert Hankey	Board Member	2011
Dan Lane	Board Member	2013
Julie Suhr	Board Member	2013
Rachel Jaster	Board Member	2013
(After September 2011 Election)		
Kevin Lau	President	2013
Kristin Fitzgerald	Vice President	2015
Dan Lane	Board Member	2013
Julie Suhr	Board Member	2013
Rachel Jaster	Board Member	2013
Jolene Jansen	Board Member	2015
Todd Lenth	Board Member	2015
School Officials		
Allan Nelson	Superintendent	2012
Joyce Piorkowski	District Secretary/Treasurer and Business Manager	Indefinite
Brian Gruhn	Attorney	Sep 19, 2011
Brett Nitzschke	Attorney (Appointed Sep 19, 2011)	Indefinite

Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Education of
Central Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Community School District, Elkader, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 18, 2012 on our consideration of Central Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting

and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Community School District's basic financial statements. The Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 43 through 45, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Elkader, Iowa 52043

October 18, 2012



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Central Community School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

Central Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

General Fund revenues decreased from \$ 5,545,289 in fiscal 2011 to \$ 5,450,656 in fiscal 2012, while General Fund expenditures decreased from \$ 5,037,237 in fiscal 2011 to \$ 4,853,708 in fiscal 2012. The District's General Fund balance increased from \$ 624,528 at the end of fiscal year 2011 to \$ 1,221,476 at the end of fiscal year 2012, a 95.6% increase.

The decrease in General Fund revenues was due primarily to a decrease in federal stimulus grants. The decrease in expenditures was due primarily to steps taken by the Board over the past three fiscal years to meet budget pressures caused by declining enrollment.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Central Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Central Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Central Community School District acts solely as custodian for the benefit of those outside the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the major non-governmental funds.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.

Business type activities: The District charges fees to help cover the costs of certain

services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

1. **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near term to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2. **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

The required financial statements for the proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3. **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others. The District currently has one Fiduciary Fund, a Private Purpose Trust Fund. In the Private-Purpose Trust Fund, the District accounts for outside donations for scholarships for individual students.

The District is responsible for ensuring the assets reported in the fiduciary fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements

because it cannot use these assets to finance its operations.

The required financial statements for the fiduciary fund include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A summary of the District's net assets at June 30, 2012 compared to June 30, 2011 is provided below:

	Condensed Statement of Net Assets (Expressed in Thousands)						
	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30	June 30	June 30	June 30	June 30	June 30	June 30
	2012	2011	2012	2011	2012	2011	2011-12
Current and other assets	\$ 4,875	4,666	82	69	4,957	4,735	4.7%
Capital assets	2,372	2,103	30	34	2,402	2,137	12.4%
Total assets	7,247	6,769	112	103	7,359	6,872	7.1%
Long-term liabilities	63	55	0	0	63	55	14.5%
Other liabilities	2,893	3,056	6	4	2,899	3,060	-5.3%
Total liabilities	2,956	3,111	6	4	2,962	3,115	-4.9%
Net assets:							
Invested in capital assets	2,372	2,103	30	34	2,402	2,137	12.4%
Restricted	877	1,046	0	0	877	1,046	-16.2%
Unrestricted	1,042	509	76	65	1,118	574	94.8%
Total net assets	\$ 4,291	3,658	106	99	4,397	3,757	17.0%

The District's combined net assets increased by over 17.0%, or approximately \$ 640,000 over the prior year. The largest portion of the District's net assets is the investment in capital assets (e.g. land, infrastructure, buildings and equipment).

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased approximately \$ 169,000, or 16.2% from the prior year.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or

other legal requirements - increased approximately \$ 544,000 or 94.8%.

The following schedule shows the change in net assets for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Changes in Net Assets (Expressed in Thousands)								
	Governmental Activities		Business Type Activities		Total District		Total Change	
	June 30, 2012	2011	2012	2011	2012	2011	2011-12	
Revenues:								
Program revenues:								
Charges for service	\$ 466	509	132	139	598	648	-7.7%	
Operating grants, Contributions	990	1,049	104	116	1,094	1,165	-6.1%	
Capital grants	0	59	0	12	0	71	-100.0%	
General revenues:								
Property tax	2,155	1,995	0	0	2,155	1,995	8.0%	
State-wide sales and Services and use tax	365	358	0	0	365	358	2.0%	
Income tax surtax	240	221	0	0	240	221	8.6%	
Unrestricted state grants	1,979	2,124	0	0	1,979	2,124	-6.8%	
Unrestricted investment Earnings	22	17	0	0	22	17	29.4%	
Other	55	94	0	0	55	94	-41.5%	
Total revenues	6,272	6,426	236	267	6,508	6,693	-2.8%	
Program expenses:								
Governmental activities:								
Instruction	3,621	3,771	0	0	3,621	3,771	-4.0%	
Support services	1,609	1,592	3	3	1,612	1,595	1.1%	
Non-instructional programs	0	8	226	245	226	253	-10.7%	
Other expenses	409	358	0	0	409	358	14.2%	
Total expenses	5,639	5,729	229	248	5,868	5,977	-1.8%	
Increase in net assets	633	697	7	19	640	716	-10.6%	
Net assets beginning of year	3,658	2,961	99	80	3,757	3,041	23.5%	
Net assets end of year	\$ 4,291	3,658	106	99	4,397	3,757	17.0%	

In fiscal 2012, property tax and unrestricted state grants accounted for 65.9% of governmental activities revenue while charges for service and operating grants accounted for 99.9% of business activities revenue.

The District's total revenues were approximately \$ 6.51 million of which approximately \$ 6.27 million was for governmental activities and approximately \$ 236,000 was for business type activities.

As shown on the previous page, the District as a whole experienced a 2.8% decrease in revenues and a 6.8% decrease in expenses. Property taxes increased approximately \$ 160,000, while unrestricted state grants decreased approximately \$ 145,000. The decrease in expenses was primarily due to a decrease in instruction costs of \$150,000.

Governmental Activities

Revenues for governmental activities were \$ 6,272,257 and expenses were \$ 5,638,982. In a difficult budget year, the District was able to increase its net assets and its spending authority by holding the line on expenses.

The following table presents the total and net costs of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

	Total and Net Cost of Governmental Activities (Expressed in Thousands)					
	Total Cost of Services			Net Cost of Services		
	Change			Change		
	2012	2011	2011-12	2012	2011	2011-12
Instruction	\$ 3,621	3,771	-4.0%	\$ 2,382	2,448	-2.7%
Support services	1,609	1,592	1.1%	1,593	1,584	0.6%
Non-instructional Programs	0	8	-100.0%	0	8	-100.0%
Other expenses	409	358	14.0%	208	73	184.9%
Total	<u>\$ 5,639</u>	<u>5,729</u>	<u>-1.6%</u>	<u>\$ 4,183</u>	<u>4,113</u>	<u>1.7%</u>

For the year ended June 30, 2012:

The cost financed by users of the District's programs was \$ 466,129.

Federal and state governments and other organizations subsidized certain programs with grants and contributions totaling \$ 989,903.

The net cost of governmental activities was financed with \$ 2,760,053 in property and other taxes and \$ 1,979,153 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2012 were \$ 236,030 representing an 11.6% decrease from the prior year, while expenses totaled \$ 228,629, a 7.0% decrease from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Central Community School District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed fiscal year 2012, its governmental funds reported a combined fund balance of \$ 1,981,692, a significant increase over last year's ending fund balance of \$ 1,610,344.

Governmental Fund Highlights

The General Fund balance increased from \$ 624,528 to \$ 1,221,476. Revenues decreased \$ 94,633 while expenditures decreased \$ 183,529.

The Capital Projects Fund balance decreased from \$ 810,485 to \$ 564,814. Physical plant and equipment taxes decreased \$ 40,312 and expenditures \$ 160,883 more.

Proprietary Fund Highlights

School Nutrition fund net assets increased from \$ 98,966 at June 30, 2011 to \$ 106,367 at June 30, 2012, representing an increase of approximately 7.5%. For fiscal 2012, the District's revenues decreased \$ 19,124, but expenses showed a decrease of \$ 17,110.

BUDGETARY HIGHLIGHTS

Over the course of the year, Central Community School District amended its budget one time to reflect the 1:1 Computer Initiative and with expenditures related to the school roofing project. The District's total revenues were \$ 1,976 more than total budgeted revenues, a variance of less than 1%.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or

controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested approximately \$ 2.4 million, net of accumulated depreciation, in a broad range of capital assets including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. This represents a net increase of 12.5% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$ 238,157.

The original cost of the District's capital assets was nearly \$ 6.0 million. Governmental funds account for \$ 5.9 million with the remainder of approximately \$ 0.1 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital assets during the year occurred in the building category, which increased \$ 269,263 due to approximately \$ 195,000 being spent on roofing projects, approximately \$ 23,000 being spent on lockers and approximately \$ 17,000 being spent on the playground.

Capital Assets, net of Depreciation (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Land	\$ 163	163	0	0	163	163	0.0%
Buildings	1,681	1,509	0	0	1,681	1,509	11.4%
Improvements other than Building	92	109	0	0	92	109	-15.6%
Furniture and equipment	436	322	30	34	466	356	30.9%
Total	\$ 2,372	2,103	30	34	2,402	2,137	12.4%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District has experienced declining enrollment for the past three years and expects that trend to continue. Taxable valuations in the District increased 0.5% to \$ 148,033,568.

Budgeted disbursements for fiscal year 2013 are \$ 23,691 less than the amended budgeted amount for fiscal 2012, a 0.3% decrease. The property tax rate for 2013 is 14.64053 per \$1000 taxable valuation, a 0.8% decrease from fiscal 2012.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joyce Piorkowski, District Secretary/Treasurer and Business Manager, Central Community School District, 400 First Street NW, Elkader, Iowa 52043.

BASIC FINANCIAL STATEMENTS

CENTRL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,409,100	71,090	2,480,190
Receivables:			
Property tax:			
Delinquent	35,312	-	35,312
Succeeding year	2,120,030	-	2,120,030
Succeeding year income tax surtax	177,110	-	177,110
Accounts	8,281	1,243	9,524
Due from other governments	125,330	500	125,830
Inventories	-	8,668	8,668
Capital assets, net of accumulated depreciation/amortization	2,372,092	30,325	2,402,417
TOTAL ASSETS	7,247,255	111,826	7,359,081
LIABILITIES			
Accounts payable	\$ 212,352	198	212,550
Salaries and benefits payable	383,979	149	384,128
Deferred revenue:			
Succeeding year:			
Property tax	2,120,030	-	2,120,030
Income tax surtax	177,110	-	177,110
Other	-	3,902	3,902
Long-term liabilities:			
Portion due within one year:			
Compensated absences	7,352	-	7,352
Termination benefits	14,031	-	14,031
Portion due after one year:			
Termination benefits	9,372	-	9,372
Net OPEB liability	32,224	1,210	33,434
TOTAL LIABILITIES	2,956,450	5,459	2,961,909
NET ASSETS			
Invested in capital assets	2,372,092	30,325	2,402,417
Restricted for:			
Categorical funding	116,760	-	116,760
Management levy purposes	60,723	-	60,723
School infrastructure	488,203	-	488,203
Physical plant and equipment	76,611	-	76,611
Student activities	134,679	-	134,679
Unrestricted	1,041,737	76,042	1,117,779
TOTAL NET ASSETS	\$ 4,290,805	106,367	4,397,172

See notes to financial statements.

Exhibit B

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Service	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
FUNCTIONS/PROGRAMS:						
Governmental activities:						
Instruction:						
Regular	\$ 2,411,724	316,614	640,340	(1,454,770)	-	(1,454,770)
Special	767,171	12,098	119,251	(635,822)	-	(635,822)
Other	441,644	133,413	16,668	(291,563)	-	(291,563)
	<u>3,620,539</u>	<u>462,125</u>	<u>776,259</u>	<u>(2,382,155)</u>	<u>-</u>	<u>(2,382,155)</u>
Support Services:						
Student	115,709	-	12,693	(103,016)	-	(103,016)
Instructional staff	248,466	-	-	(248,466)	-	(248,466)
Administration	577,754	-	-	(577,754)	-	(577,754)
Plant operation and maintenance	308,213	2,866	-	(305,347)	-	(305,347)
Transportation	359,065	1,138	-	(357,927)	-	(357,927)
	<u>1,609,207</u>	<u>4,004</u>	<u>12,693</u>	<u>(1,592,510)</u>	<u>-</u>	<u>(1,592,510)</u>
Non-instructional programs	<u>360</u>	<u>-</u>	<u>-</u>	<u>(360)</u>	<u>-</u>	<u>(360)</u>
Other expenditures:						
Facilities acquisition	112,353	-	1,214	(111,139)	-	(111,139)
AEA flowthrough	199,737	-	199,737	-	-	-
Depreciation/amortization (unallocated)	96,786	-	-	(96,786)	-	(96,786)
	<u>408,876</u>	<u>-</u>	<u>200,951</u>	<u>(207,925)</u>	<u>-</u>	<u>(207,925)</u>
Total governmental activities	<u>5,638,982</u>	<u>466,129</u>	<u>989,903</u>	<u>(4,182,950)</u>	<u>-</u>	<u>(4,182,950)</u>
Business type activities:						
Instruction-regular	90	-	-	-	(90)	(90)
Support services:						
Administration	1,481	-	-	-	(1,481)	(1,481)
Plant operation and maintenance	1,063	-	-	-	(1,063)	(1,063)
Transportation	147	-	-	-	(147)	(147)
	<u>2,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,691)</u>	<u>(2,691)</u>
Non-instructional programs:						
Food service operations	225,848	131,663	104,103	-	9,918	9,918
Total business type activities	<u>228,629</u>	<u>131,663</u>	<u>104,103</u>	<u>-</u>	<u>7,137</u>	<u>7,137</u>
TOTAL	<u>\$ 5,867,611</u>	<u>597,792</u>	<u>1,094,006</u>	<u>(4,182,950)</u>	<u>7,137</u>	<u>(4,175,813)</u>

(continued)

Exhibit B
(continued)

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business Type Activities	Total
GENERAL REVENUES:			
Property tax levied for:			
General purposes	2,104,989	-	2,104,989
Capital outlay	50,164	-	50,164
Statewide sales, service and use tax	364,655	-	364,655
Income tax surtax	240,245	-	240,245
Unrestricted state grants	1,979,153	-	1,979,153
Unrestricted investment earnings	21,578	264	21,842
Other	55,441	-	55,441
Total general revenues	4,816,225	264	4,816,489
Changes in net assets	633,275	7,401	640,676
Net assets beginning of year	3,657,530	98,966	3,756,496
Net assets end of year	\$ 4,290,805	106,367	4,397,172

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General	Capital Projects	Nonmajor	Total
ASSETS				
Cash	\$ 1,758,397	455,517	195,186	2,409,100
Receivables:				
Property tax:				
Delinquent	31,731	796	2,785	35,312
Succeeding year	1,721,264	106,161	292,605	2,120,030
Succeeding year income tax surtax	177,110	-	-	177,110
Accounts	8,281	-	-	8,281
Due from other funds	52	22,929	-	22,981
Due from other governments	27,463	97,867	-	125,330
TOTAL ASSETS	\$ 3,724,298	683,270	490,576	4,898,144
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 198,929	12,295	1,128	212,352
Salaries and benefits payable	382,590	-	1,389	383,979
Due to other funds	22,929	-	52	22,981
Deferred revenue:				
Succeeding year:				
Property tax	1,721,264	106,161	292,605	2,120,030
Income tax surtax	177,110	-	-	177,110
Total liabilities	2,502,822	118,456	295,174	2,916,452
Fund balances:				
Restricted for:				
Categorical funding	116,760	-	-	116,760
Management levy purposes	-	-	60,723	60,723
Student activities	-	-	134,679	134,679
School infrastructure	-	488,203	-	488,203
Physical plant and equipment	-	76,611	-	76,611
Unassigned	1,104,716	-	-	1,104,716
Total fund balances	1,221,476	564,814	195,402	1,981,692
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,724,298	683,270	490,576	4,898,144

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2012

Total fund balances of governmental funds (page 20)	\$ 1,981,692
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Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are- not financial resources and, therefore, are not reported as assets in the governmental funds	2,372,092
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Long-term liabilities, including compensated absences, termination benefits payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(62,979)</u>
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Net assets of governmental activities (page 17)	<u>\$ 4,290,805</u>
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See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2012

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 2,127,346	462,868	169,838	2,760,052
Tuition	315,972	-	-	315,972
Other	52,822	34,057	150,881	237,760
State sources	2,722,323	35	121	2,722,479
Federal awards	232,193	-	-	232,193
Total revenues	5,450,656	496,960	320,840	6,268,456
Expenditures:				
Current:				
Instruction:				
Regular	2,325,345	12,037	79,014	2,416,396
Special	771,608	-	-	771,608
Other	304,804	-	118,700	423,504
	3,401,757	12,037	197,714	3,611,508
Support services:				
Student	110,829	-	4,136	114,965
Instructional staff	98,183	220,888	-	319,071
Administration	507,775	33,615	39,581	580,971
Plant operation and maintenance	272,508	720	33,781	307,009
Transportation	262,919	93,395	25,557	381,871
	1,252,214	348,618	103,055	1,703,887
Non-instructional programs	-	360	-	360
Other expenditures:				
Facilities acquisition	-	381,616	-	381,616
AEA flow through	199,737	-	-	199,737
	199,737	381,616	-	581,353
Total expenditures	4,853,708	742,631	300,769	5,897,108
Excess (deficiency) of revenues over (under) expenditures	596,948	(245,671)	20,071	371,348
Fund balances beginning of year	624,528	810,485	175,331	1,610,344
Fund balances end of year	\$ 1,221,476	564,814	195,402	1,981,692

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year Ended June 30, 2012

Net change in fund balances-total governmental funds (page 22)	\$ 371,348
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 503,941	
Trade in allowance	3,800	
Depreciation expense	<u>(238,157)</u>	269,584

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds. Payment of these liabilities is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets. Differences between the Statement of Activities and governmental funds are as follows:

Termination benefits	14,114	
Compensated absences	100	
Other postemployment benefits	<u>(21,871)</u>	<u>(7,657)</u>

Change in net assets of governmental activities (page 19)	<u>\$ 633,275</u>
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See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2012

	<u>School Nutrition</u>
ASSETS	
Cash and cash equivalents	\$ 71,090
Accounts receivable	1,243
Due from other governments	500
Inventories	8,668
Capital assets, net of accumulated depreciation	<u>30,325</u>
 TOTAL ASSETS	 <u>111,826</u>
LIABILITIES	
Accounts payable	198
Salaries and benefits payable	149
Deferred revenues	3,902
Net OPEB liability	<u>1,210</u>
 TOTAL LIABILITIES	 <u>5,459</u>
NET ASSETS	
Invested in capital assets, net of contributed capital	10,749
Contributed capital	19,576
Unrestricted	<u>76,042</u>
 TOTAL NET ASSETS	 <u>\$ 106,367</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2012

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	<u>\$ 131,663</u>
Operating expenses:	
Instruction:	
Regular	<u>90</u>
Support services:	
Administration	1,481
Plant operation and maintenance	1,063
Transportation	<u>147</u>
	<u>2,691</u>
Non-instructional programs:	
Food service operations:	
Salaries	81,679
Benefits	21,843
Supplies	118,437
Miscellaneous	366
Depreciation	<u>3,523</u>
	<u>225,848</u>
Total operating expenses	<u>228,629</u>
Operating loss	<u>(96,966)</u>
Non-operating revenues	
State sources	2,096
Federal sources	102,007
Interest income	<u>264</u>
Total non-operating revenues	<u>104,367</u>
Net income	7,401
Net assets beginning of year	<u>98,966</u>
Net assets end of year	<u><u>\$ 106,367</u></u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2012

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sales of lunches and breakfasts	\$ 133,686
Cash paid to employees for services	(103,521)
Cash paid to suppliers for goods and services	<u>(105,749)</u>
Net cash used by operating activities	<u>(75,584)</u>
Cash flows from non-capital financing activities:	
State grants received	2,096
Federal grants received	<u>87,967</u>
Net cash provided by non-capital financing activities	<u>90,063</u>
Cash flows from investing activities:	
Interest on investments	<u>264</u>
Net increase in cash	14,743
Cash beginning of year	<u>56,347</u>
Cash end of year	<u><u>\$ 71,090</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (96,966)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	13,540
Depreciation	3,523
Decrease in accounts receivable	796
Decrease in inventories	2,388
(Decrease) in accounts payable	(183)
(Decrease) in salaries and benefits payable	(419)
Increase in deferred revenues	1,227
Increase in other post employment benefits	<u>510</u>
Net cash used by operating activities	<u><u>\$ (75,584)</u></u>

Non-cash operating and non-capital financing activities:

During the year ended June 30, 2012, the District
received \$ 13,540 of federal commodities.

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2012

	Private Purpose Trust <u>Scholarship</u>
ASSETS	
Cash	\$ 2,000
LIABILITIES	
None	<u>-</u>
NET ASSETS	
Reserved for scholarships	<u>\$ 2,000</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 Year Ended June 30, 2012

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Interest income	\$ 19
Deductions:	
Support services:	
Scholarships awarded	<u>19</u>
Change in net assets	-
Net assets beginning of year	<u>2,000</u>
Net assets end of year	<u>\$ 2,000</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2012

(1) Summary of Significant Accounting Policies

Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-Kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Elkader, Volga City, St. Olaf, Elkport and Garber, Iowa and the predominate agricultural territory of west central Clayton County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Central Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Clayton County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories:

Invested in capital assets consists of capital assets, net of accumulated depreciation.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focuses on net assets and changes in net assets. The District reports the following fiduciary fund:

The Private Purpose Trust Fund is used to account for assets held by the District under a trust agreement which requires income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is

received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2011.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or

received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 3,000
Buildings	3,000
Improvements other than buildings	3,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	20-50
Improvements other than buildings	20
Furniture and equipment	4-15

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not

collected within 60 days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax and income tax receivable that will not be recognized as revenue until the year for which it is levied or assessed and lunch fees collected in advance.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in restricted.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter

12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidence of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 163,000	0	0	163,000
Capital assets being depreciated:				
Buildings	3,367,738	269,263	0	3,637,001
Improvements other than buildings	126,858	0	0	126,858
Furniture and equipment	1,743,042	238,478	45,591	1,935,929
Total capital assets being Depreciated	5,237,638	507,741	45,591	5,699,788
Less accumulated Depreciation for:				
Buildings	1,858,826	96,786	0	1,955,612
Improvements other than buildings	18,123	16,729	0	34,852
Furniture and equipment	1,421,181	124,642	45,591	1,500,232
Total accumulated Depreciation	3,298,130	238,157	45,591	3,490,696

Total capital assets being				
Depreciated, net	1,939,508	269,584	0	2,209,092

Governmental activities				
Capital assets, net	\$ 2,102,508	269,584	0	2,372,092

Business type activities:				
Furniture and equipment	\$ 100,823	0	0	100,823
Less accumulated depreciation	66,975	3,523	0	70,498

Business type activities				
Capital assets, net	\$ 33,848	(3,523)	0	30,325

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 3,063
Special	1,038
Other	17,029
Support services:	
Instructional staff	55,271
Administration	254
Operation and maintenance of plant	324
Transportation	64,392
	141,371
Unallocated	96,786
Total depreciation expense - governmental activities	\$ 238,157
Business type activities	
Food service operations	\$ 3,523

(4) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2012 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Termination benefits \$	37,517	0	14,114	23,403	14,031
Compensated absences	7,453	7,352	7,453	7,352	7,352

Net OPEB liability	10,352	21,872	0	32,224	0
Total	<u>\$ 55,322</u>	<u>29,224</u>	<u>21,567</u>	<u>62,979</u>	<u>21,383</u>
Business type activities:					
Net OPEB liability	<u>\$ 700</u>	<u>510</u>	<u>0</u>	<u>1,210</u>	<u>0</u>

Termination Benefits

In December, 2009, the District approved a voluntary early retirement plan for employees. The plan was offered to employees for one year. Eligible employees had to have completed twelve (12) years of service and have reached age 55. Classified employees must have been employed at least thirty (30) hours per week for ten (10) months per year. Certified employees had to be at least half time to qualify. Employees will receive a cash payment calculated as follows: forty percent (40%) of unused accumulated sick days multiplied by the employee's per diem wages. Per diem wages are based on contract days.

Supplemental duties and extended contract days are excluded. Classified per diem will be figured only to a maximum of eight hours. Upon retirement, the employee shall be eligible to participate in the school district's health insurance plan. The school district will pay up to \$ 300 per month towards this group insurance.

At June 30, 2012, the District had obligations to four participants with a total liability of \$ 23,403. Actual early retirement expenditures for the year ended June 30, 2012 totaled \$ 14,114.

(5) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to: IPERS; P.O. Box 9117; Des Moines, Iowa 50603-9117.

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered payroll for the year ended June 30, 2012. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$ 240,506, \$ 211,015, \$ 212,500, respectively, equal to the required contributions for each year.

(6) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 66 active and 19 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay all of premiums in excess of their explicit benefit of \$ 300 per month, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 107,006
Interest on net OPEB obligation	276
Adjustment to annual required contribution	<u>(8,788)</u>
Annual OPEB cost	98,494
Contributions made	<u>76,112</u>
Increase in net OPEB obligation	22,382
Net OPEB obligation beginning of year	<u>11,052</u>
Net OPEB obligation end of year	<u>\$ 33,434</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the District contributed \$ 84,141 to the medical plan. Plan members eligible for benefits contributed \$ 64,623, or 43% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 101,813	97.6%	\$ 2,479
2011	96,492	91.1	11,052
2012	98,494	77.3	33,434

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$ 815,000 with no actuarial accrued value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 815,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$ 2.785 million and the ratio of the UAAL to covered payroll was 29.3%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Other Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual and ultimate medical trend rates are 6%.

Mortality rates are from the 95 Group Annuity Mortality Table Projected to 2000 (2/3 Female, 1/3 Male). Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$ 837 per month for retirees less than 65. The salary increase rate was assumed to be 2.5% per year. The UAAL is being amortized as a level percentage of projected payroll expenses on a closed group basis over 30 years.

(7) Risk Management

Central Community School District is exposed to various risks of loss related to torts; thefts; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$ 199,737 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(9) Related Party Transactions

The District had business transactions totaling \$ 5,407 between the District and District employees and officials during the year ended June 30, 2012.

(10) Construction Commitment

The District has entered into a contract totaling \$ 207,948 for renovating the music building. As of June 30, 2012, no costs had been incurred against this contract.

(11) Non-cash Transactions

The District received a trade-in allowance of \$ 2,200 for a 1998 bus traded in on the purchase of a 2012 bus. The District additionally received a trade-in allowance of \$ 1,600 for old bus radios traded in on the purchase of new radios.

OTHER INFORMATION

CENTRAL COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES-
BUDGET AND ACTUAL-ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
OTHER INFORMATION
Year Ended June 30, 2012

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 3,313,784	131,927	3,445,711	3,371,752	3,371,752	73,959
State sources	2,722,479	2,096	2,724,575	2,788,798	2,788,798	(64,223)
Federal sources	232,193	102,007	334,200	341,960	341,960	(7,760)
Total revenues	6,268,456	236,030	6,504,486	6,502,510	6,502,510	1,976
Expenditures/Expenses:						
Instruction	3,611,508	90	3,611,598	4,357,406	4,357,406	745,808
Support services	1,703,887	2,691	1,706,578	1,701,414	1,947,584	241,006
Non-instructional programs	360	225,848	226,208	314,518	314,518	88,310
Other expenditures	581,353	-	581,353	604,379	704,379	123,026
Total expenditures/expenses	5,897,108	228,629	6,125,737	6,977,717	7,323,887	1,198,150
Excess (deficiency) of revenues over (under) expenditures/expenses	371,348	7,401	378,749	(475,207)	(821,377)	1,200,126
Balances beginning of year	1,610,344	98,966	1,709,310	486,442	486,442	1,222,868
Balances end of year	\$ 1,981,692	106,367	2,088,059	11,235	(334,935)	2,422,994

See accompanying independent auditor's report and notes to
other information-budgetary reporting.

Central Community School District

Notes to Other Information - Budgetary Reporting

Year Ended June 30, 2012

This budgetary comparison is presented as Other Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except the Private Purpose Trust Fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$ 346,170.

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
(In Thousands)
OTHER INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	\$ -	1,053	1,053	0.0%	\$ 2,715	38.8%
2011	Jul 1, 2009	-	937	937	0.0%	2,541	36.9%
2012	July 1, 2009	-	815	815	0.0%	2,785	29.3%

See accompanying independent auditor's report and Note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

SUPPLEMENTARY INFORMATION

Schedule 1

CENTRAL COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue		
	Management Levy	Student Activity	Total
ASSETS			
Cash	\$ 57,990	137,196	195,186
Receivables:			
Property tax:			
Delinquent	2,785	-	2,785
Succeeding year	292,605	-	292,605
TOTAL ASSETS	<u>\$ 353,380</u>	<u>137,196</u>	<u>490,576</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	1,128	1,128
Salaries and benefits payable	-	1,389	1,389
Due to other funds	52	-	52
Deferred revenue:			
Succeeding year property tax	292,605	-	292,605
Total liabilities	<u>292,657</u>	<u>2,517</u>	<u>295,174</u>
Fund Balances:			
Restricted for:			
Management levy purposes	60,723	-	60,723
Student activities	-	134,679	134,679
Total fund balances	<u>60,723</u>	<u>134,679</u>	<u>195,402</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 353,380</u>	<u>137,196</u>	<u>490,576</u>

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2012

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 169,838	-	169,838
Other	7,777	143,104	150,881
State sources	121	-	121
Total revenues	177,736	143,104	320,840
Expenditures:			
Current:			
Instruction:			
Regular	79,014	-	79,014
Other	-	118,700	118,700
Support services:			
Student	4,136	-	4,136
Administration	39,581	-	39,581
Plant operation and maintenance	33,781	-	33,781
Transportation	10,152	15,405	25,557
Total expenditures	166,664	134,105	300,769
Excess of revenues over expenditures	11,072	8,999	20,071
Fund balances beginning of year	49,651	125,680	175,331
Fund balances end of year	\$ 60,723	134,679	195,402

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash	\$ 379,702	75,815	455,517
Receivables:			
Property tax			
Delinquent	-	796	796
Succeeding year	-	106,161	106,161
Due from other funds	22,929	-	22,929
Due from other governments	97,867	-	97,867
TOTAL ASSETS	<u>\$ 500,498</u>	<u>182,772</u>	<u>683,270</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 12,295	-	12,295
Deferred revenue:			
Succeeding year property tax	-	106,161	106,161
Total liabilities	<u>12,295</u>	<u>106,161</u>	<u>118,456</u>
Fund balances:			
Restricted for:			
School infrastructure	488,203	-	488,203
Physical plant and equipment	-	76,611	76,611
Total fund balances	<u>488,203</u>	<u>76,611</u>	<u>564,814</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 500,498</u>	<u>182,772</u>	<u>683,270</u>

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 364,655	98,213	462,868
Other	32,742	1,315	34,057
State sources	-	35	35
Total revenues	<u>397,397</u>	<u>99,563</u>	<u>496,960</u>
Expenditures:			
Instruction:			
Regular	12,037	-	12,037
Supporting services:			
Instructional staff	141,877	79,011	220,888
Administration	5,075	28,540	33,615
Plant operation and maintenance	720	-	720
Transportation	5,411	87,984	93,395
Non-instructional programs	-	360	360
Other expenditures:			
Facilities acquisition	381,616	-	381,616
Total expenditures	<u>546,736</u>	<u>195,895</u>	<u>742,631</u>
Deficiency of revenues under expenditures	(149,339)	(96,332)	(245,671)
Fund balances beginning of year	637,542	172,943	810,485
Fund balances end of year	<u>\$ 488,203</u>	<u>76,611</u>	<u>564,814</u>

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 Year Ended June 30, 2012

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Operations	\$ 75,411	5,025	14,257	66,179
Reading is Fundamental	3,815	1,945	1,689	4,071
Elementary Fundraisers	4,897	9,478	7,090	7,285
Central Volunteer Organizations	233	-	-	233
Elementary Art	108	-	-	108
Lego League	500	59	559	-
Elementary Activities	151	-	-	151
Elementary Curriculum	84	150	-	234
Drama	5,031	3,950	2,869	6,112
Music Department Dry Cleaning	227	890	1,117	-
Instrumental Music	-	240	240	-
Intramural Athletics	-	5,195	5,195	-
Co-ed Athletics	-	296	296	-
Track	-	7,010	7,010	-
Cross Country	-	2,077	2,077	-
Golf	-	1,649	1,649	-
Boys Basketball	-	3,722	3,722	-
Football	-	8,826	8,826	-
Baseball	-	551	551	-
Wrestling	-	901	901	-
Girls Basketball	-	3,865	3,865	-
Volleyball	-	2,511	2,511	-
Softball	-	6,096	6,096	-
FFA	5,727	12,040	8,826	8,941
Food and Fitness Club	4,149	2,763	3,495	3,417
Kellogg Grant	442	200	-	642
NEIFF Grant	104	500	600	4
4-H Grant	393	2,539	2,556	376
Wellness Fund	1,000	100	1,067	33
Luther Great Garden	-	1,150	388	762
Interactive	-	267	-	267
Accounting Mentors	280	-	-	280
Middle School Counselors	104	733	461	376
KRA	24	-	-	24
National Honor Society	146	-	-	146
Media	5,082	3,410	1,856	6,636
Yearbook	3,127	6,903	7,310	2,720
Athletic Boosters	5,769	19,994	14,364	11,399
Student Council	193	504	481	216

(continued)

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2012

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Spanish Club	1,269	6,646	3,992	3,923
Cheerleaders	573	1,199	661	1,111
Class of 2015	-	5,740	2,823	2,917
Class of 2014	1,187	1,873	325	2,735
Class of 2013	2,625	7,722	7,106	3,241
Class of 2012	1,062	800	1,722	140
Class of 2011	1,967	-	1,967	-
Milk/Juice Sales	-	2,428	2,428	-
Soft Drink/Juice Sales	-	1,157	1,157	-
Total	\$ 125,680	143,104	134,105	134,679

See accompanying independent auditor's report.

Schedule 6

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
For the Last Nine Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:									
Local sources:									
Local tax	\$ 2,760,052	2,574,392	2,593,979	2,385,369	2,375,929	2,297,859	2,105,807	2,237,329	2,045,458
Tuition	315,972	303,764	293,837	216,235	241,471	241,353	221,079	185,009	188,036
Other	237,760	357,683	252,437	308,971	300,362	245,550	191,932	175,084	228,800
Intermediate sources	-	-	-	-	-	-	1,330	1,509	-
State sources	2,722,479	2,786,934	2,386,873	3,024,805	2,804,434	2,534,176	2,504,532	2,495,563	2,298,034
Federal sources	232,193	402,863	450,479	355,728	173,505	211,282	171,406	196,002	155,688
Total	<u>\$ 6,268,456</u>	<u>6,425,636</u>	<u>5,977,605</u>	<u>6,291,108</u>	<u>5,895,701</u>	<u>5,530,220</u>	<u>5,196,086</u>	<u>5,290,496</u>	<u>4,916,016</u>
Expenditures:									
Instruction:									
Regular	\$ 2,416,396	2,515,292	2,571,380	2,593,177	2,488,222	2,350,560	2,261,741	2,212,440	2,171,150
Special	771,608	768,914	786,060	760,669	752,180	654,103	572,937	484,282	625,832
Other	423,504	477,229	455,180	468,939	487,127	461,004	429,072	518,944	496,360
Support services:									
Student	114,965	146,115	177,620	136,138	147,063	137,099	132,861	126,412	131,133
Instructional staff	319,071	253,731	153,965	161,727	129,900	128,973	160,749	156,287	176,439
Administration	580,971	544,106	537,541	573,173	605,717	595,943	505,812	479,063	493,333
Plant operation and maintenance	307,009	350,235	345,451	350,744	375,500	382,394	379,627	366,882	353,982
Transportation	381,871	340,265	361,676	324,587	379,095	309,339	298,568	253,009	263,890
Non-instructional programs	360	7,807	12,769	-	190	-	-	-	-
Other expenditures:									
Facilities acquisition	381,616	333,674	278,144	481,134	268,209	373,258	131,181	216,419	188,047
Long-term debt:									
Principal	-	-	-	64,419	49,323	36,762	-	-	-
Interest and other charges	-	-	-	1,142	3,733	4,657	-	-	-
AEA flowthrough	199,737	226,317	224,868	210,145	198,370	186,279	180,395	180,137	181,770
Total	<u>\$ 5,897,108</u>	<u>5,963,685</u>	<u>5,904,654</u>	<u>6,125,994</u>	<u>5,884,629</u>	<u>5,620,371</u>	<u>5,052,943</u>	<u>4,993,875</u>	<u>5,081,936</u>

See accompanying independent auditor's report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of the
Central Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Central Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated October 18, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Central Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Central Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Central Community School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies,

significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Central Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Central Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Central Community School District and other parties to whom Central Community School District may report. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Central Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

October 18, 2012


Dietz, Donald & Company
Certified Public Accountants
FEIN 42-1172392

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
Year Ended June 30, 2012

Part I: Findings Related to the Financial Statements:

MATERIAL WEAKNESSES IN INTERNAL CONTROL:

No material weaknesses were identified.

INSTANCES OF NONCOMPLIANCE

No matters were noted.

Part II: Other Findings Related to Statutory Reporting:

II-A-12 **Certified Budget** - Expenditures for the year ended June 30, 2012 did not exceed the amounts budgeted.

II-B-12 **Questionable Disbursements** - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-12 **Travel Expenses** - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-12 **Business Transactions** - Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Raymond Piorkowski, spouse of Business manager, employee of Elkader Carpet & Design Center	Carpet	\$ 5,210
Ronald Engelhardt, spouse of cook, Owner of R & R Dairy	Food	<u>197</u>
Total		<u>\$ 5,407</u>

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions do not appear to represent a conflict of interest.

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
Year Ended June 30, 2012

- II-E-12 **Bond Coverage** - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- II-F-12 **Board Minutes** - No transactions were found that we believe should have been recorded in the Board Minutes but were not.
- II-G-12 **Certified Enrollment** - Variances in the basic enrollment data certified to the Iowa Department of Education were noted.

Recommendation: The District should take care that the certified enrollment data is accurate. We will contact the Department of Management and the Department of Education notifying them of the difference.

Response: We became aware that the student was still a resident of our District in March when we received billing for open enrollment. We will be careful when these situations arise in the future.

Conclusion: Response accepted.

- II-H-12 **Supplementary Weighting** - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-12 **Deposits and Investments** - No instances of non-compliance with the deposits and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- II-J-12 **Certified Annual Report** - The Certified Annual Report was certified timely to the Iowa Department of Education.
- II-K-12 **Categorical Funding** - No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- II-L-12 **Statewide Sales, Services and Use Tax** - No instances of noncompliance with the use of statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
Year Ended June 30, 2012

Education. For the year ended June 30, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$ 637,542
Revenues:		
Sales tax revenue	\$ 364,655	
Other local revenues	<u>32,742</u>	<u>397,397</u>
		1,034,939
Expenditures:		
School infrastructure construction	\$ 381,616	
Equipment	<u>165,120</u>	<u>546,736</u>
Ending Balance		<u>\$ 488,203</u>

For the year ended June 30, 2012, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.